

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**Office of the Chief Financial Officer**

Natwar M. Gandhi  
Chief Financial Officer



**MEMORANDUM**

**TO:** The Honorable Linda W. Cropp  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi  
Chief Financial Officer

**DATE:** June 10, 2003

**SUBJECT:** Fiscal Impact Statement: "Nurse Staffing Agency Act of 2003"

**REFERENCE:** Bill Number 15-123

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**Conclusion**

Funds are not sufficient in the proposed FY 2004 through FY 2007 budget and financial plan as agreed to by the Mayor and the Council of the District of Columbia (Council) to implement the proposed legislation. **The proposed legislation would result in \$140,200 of additional expenditures for the District in FY 2004 through FY 2007.**

Anti-deficiency laws, 31-USCA § 1341 (2000), prohibit District officers and employees from exceeding agency appropriations in any fiscal year. Should the Department of Health determine that funding is available to absorb the additional costs in FY 2003, then the net impact would be zero for that year. For subsequent years, the additional expenditure would need to be included as budgeted expenditures.

**Background**

The proposed legislation would require nurse staffing agencies that operate in the District of Columbia to be licensed by the Department of Health (DOH). The proposed legislation specifies the materials nurse staffing agencies must submit in order to apply for or renew a license and the requirements such agencies must meet in referring nurses to health care facilities, in particular the verification of credentials and disciplinary reports. In addition, nurse staffing agencies would be required to document and establish specified procedures in selecting, verifying, tracking and reporting information about the health care professionals they place. DOH would be authorized to issue provisional licenses under certain circumstances, publish a list of licensed agencies, inspect nurse

staffing agency offices and operations, and promulgate regulations to establish fees, procedures, requirements and standards. The proposed legislation also would authorize civil fines, penalties and related costs to be imposed against a nurse staffing agency for violations of the act.

### **Financial Plan Impact**

In order to implement the proposed legislation, DOH would require one nurse consultant – beginning at Grade RN6/Step 1 and increasing by one step each year – to review documents submitted by nurse staffing agencies and conduct onsite inspections. DOH would also incur increased administrative costs from implementing the proposed legislation. The agency estimates it would require \$300 for forms, \$100 for licenses and \$1,000 for communications each year.

These cost increases will be offset in part by fees collected from nurse staffing agencies for licenses. DOH expects that the licensure fee will be set at \$1,000. According to DOH, there are 33 nurse staffing agencies that they know about. Hence, DOH estimates that it will collect approximately \$30,000 in FY 2004, with fee collections increasing slightly in the out-years.

The following table indicates the impact of the "Nurse Staffing Agency Act of 2003" on the District's budget and financial plan:

<b>Item</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>TOTAL</b>
Administrative costs	(\$1,400)	(\$1,400)	(\$1,400)	(\$1,400)	<b>(\$5,600)</b>
Personnel costs -- nurse consultant	(62,900)	(64,900)	(66,900)	(68,900)	<b>(263,600)</b>
Revenue from licensure fees	30,000	30,000	33,000	36,000	<b>129,000</b>
<b>Net Annual Impact</b>	<b>(\$34,300)</b>	<b>(\$36,300)</b>	<b>(\$35,300)</b>	<b>(\$34,300)</b>	<b>(\$140,200)</b>